PBBE

Key Supplier Processes Handbook

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Performance Based Business Environment

Performance Based Acquisition Strategy

What has not changed

- Acquisition communities fiducial responsibility to the American people
  - Select capable and competent sources
  - Pay a fair and reasonable price
- Fair and reasonable profit obtained by source

What has changed

- Government "prescription" for "how to" is gone
- Contractor control of design and own processes = more accountability

Performance Based Business Environment

Performance Based Acquisition Strategy Cont.

- **PBBE is a relationship based on:**
  - **DoD stating requirements in performance terms**
  - **Industry being responsible and accountable for meeting the requirements**
- **Four main features of a performance based acquisition strategy**
  - **Performance based specifications, incremental verification**
  - **Contractor control of development and detailed design to the maximum extent feasible**
  - **Contractor use of own company/facility processes**
  - **Enhanced opportunities for inclusion of advanced tech.**

Why Key Supplier Processes?

Key Supplier Processes Are An Integral Part of PBBE

- **Need to establish that a facility has a capable method of work**
- **Processes represent a structured, disciplined approach to managing risk**
- **Provide a means of communicating government requirements and contractor intent**
- **Government needs greater "insight" given reduced "oversight"**

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The Processes

Six representative top-level generic commonly used processes

- **Program/Data Management**
- **Engineering**
- **Quality**
- **Manufacturing**
- **Procurement/Subcontract Management**
- **Logistics**

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Definitions

- ***Process*** **A process is a set of procedures and methodologies which, when applied, provide a consistent set of outputs for a given set of inputs.**
- ***Element*** **A lower level indenture of a process which has all the characteristics of a process. Elements may function independently of or in conjunction with other elements.**
- ***Performance Attribute*** **A critical characteristic associated with a process or element which describes the expectations for that process or element in terms of capabilities.**

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Program/Data Management Process

Seven Elements	Attr.
• Integration and Coordination	2
• Resources and Responsibilities	1
• Communications	1
• Risk Management	3
• Program Planning/Cost and Schedule Control	5
• Contract Compliance	2
• Data Management	2

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Program/Data Management Process Cont.

4.1 Program/data management process.

4.1.1 Discussion/rationale. The program management process is intended to represent the top level supplier process for the overall conduct and control of the program. There are seven elements within the process.

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Program/Data Management Process
Integration and Coordination Element

4.1.1.1 Integration and Coordination. This element provides for the overall orchestration of program activities into a unified whole which satisfies the program requirements.

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Integration and Coordination Element Performance Attributes

4.1.2 Performance attributes.

4.1.2.1 Integration and coordination.

a. The capability to provide the leadership and management required to meet program objectives by providing timely and effective decisions and direction based on a structured decision making process which provides traceability of program decisions including the supporting data and rationale.

b. The capability to provide timely cost and schedule status across the facility/program.

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Engineering Process

Six Elements	Attr.
• Systems Integration	9
• Requirements Analysis	6
• Functional Analysis and Allocation	6
• Design Synthesis, or Preliminary and Detail Design	10
• Systems Verification	7
• Systems Analysis and Technical Control	8

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Quality Process

Elements	Attr.
• Based on ISO-9000/ANSI/ASQC-9000 or equivalent	7

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Manufacturing Process

Five Elements	Attr.
• Material Control	1
• Shop Floor Planning	4
• Factory Flow Optimization	1
• Factory Design	4
• Factory Performance	9

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Procurement/Subcontract Management Process

9 Attributes

- **Ability to differentiate between suppliers**
- **Ability to provide timely subcontract awards based on best value**
- **Ability to define mutually acceptable contracts**
- **Capability of synchronizing production schedules**
- **Ability to assess make/buy alternatives**
- **Ability to provide information sharing among stakeholders**
- **Ability to establish mutually beneficial relationships**
- **Ability to integrate supplier processes**
- **Ability to provide for the selection of key suppliers based on their ability to implement appropriate aspects of quality systems**

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Logistics Process

Two Elements	Attr.
• Logistics Planning	5
• Product Support	3

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Application to Source Selection

- **Identify specific key processes as source selection discriminators**
- **Identify attributes most critical to program success**
- **Incorporate appropriate language in RFP sections L & M**
- **Assess the contractor's proposal content in terms of company unique processes exhibiting the desired attributes**

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Contractual Commitment

Via the SOW/CDRL

- **Commitment to perform specific process related tasks**

Example SOW Tasking

The contractor shall identify program risks. Program risks shall be assessed in terms of probability of occurrence and consequence of failure. Risk mitigation plans shall be developed for high and moderate risk areas.

- "How to" details are at the discretion of the contractor

- **Process metrics submitted as a data item**

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Contractual Commitment Cont.

Via the IMP

- **Focus on the process products, end result of tasks not tasks themselves**

Example IMP Event

GFE/CFE Interface Compatibility Test Complete

Contractual commitment commensurate with risk and criticality
Remember linkage to Single Process Initiative